

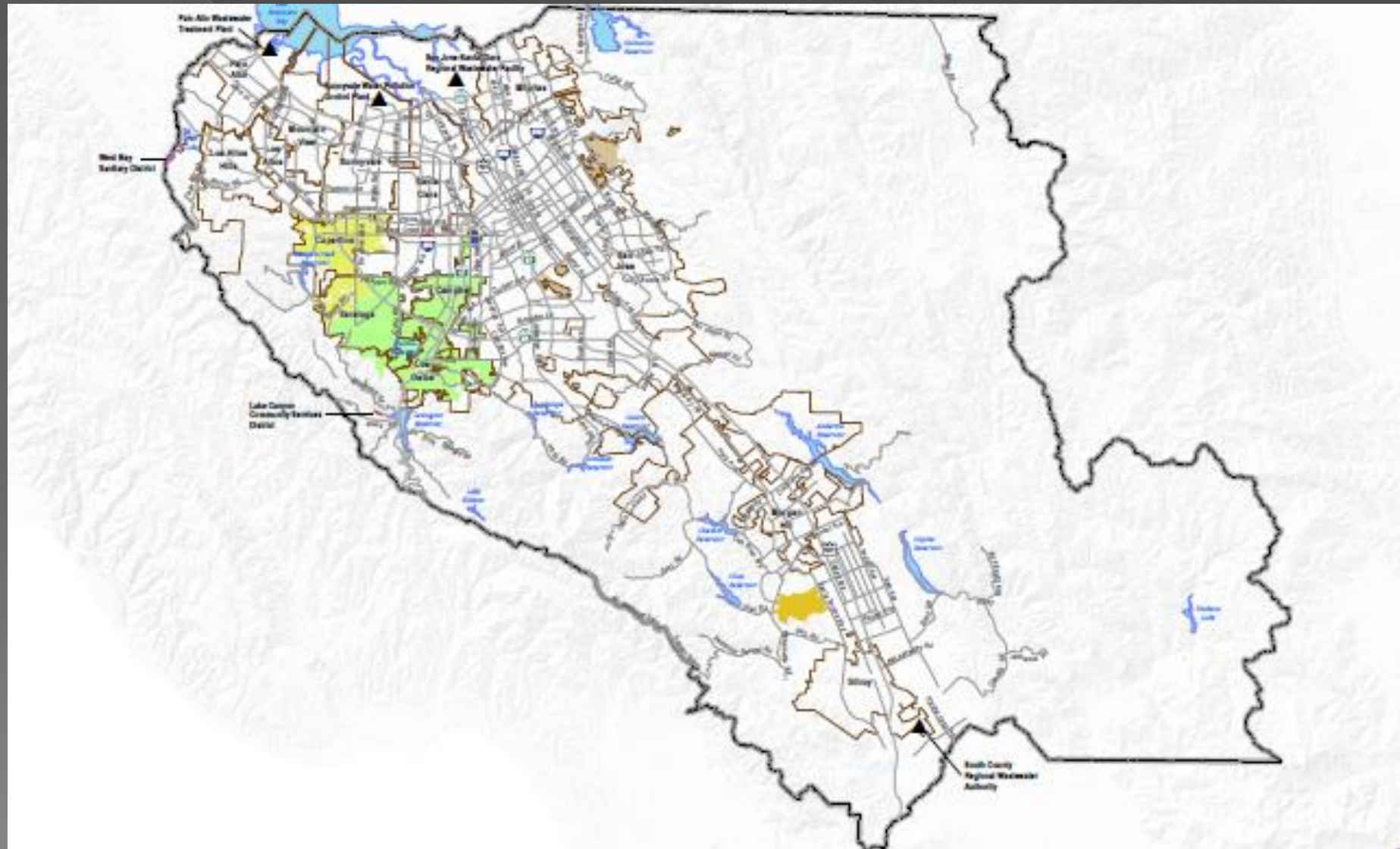
Special Districts Service Review: Phase 2

Prepared by Policy Consulting
Associates, LLC
October 2, 2013

Special Districts Reviewed

- ◉ Lake Canyon Community Services District
- ◉ Lion's Gate Community Services District
- ◉ Midpeninsula Regional Open Space District
- ◉ Santa Clara County Open Space Authority
- ◉ Burbank Sanitary District
- ◉ County Sanitation District 2-3
- ◉ Cupertino Sanitary District
- ◉ West Valley Sanitation District
- ◉ West Bay Sanitary District

Wastewater Providers



Lake Canyon CSD



Lake Canyon CSD

Significant Findings

- ❖ District management methods do not generally meet accepted best management practices.
- ❖ LCCSD is not saving sufficient funds to replace or repair aging infrastructure.
- ❖ LCCSD demonstrated a lack of accountability and transparency.
- ❖ One board member has failed to file Form 700 for 2013.

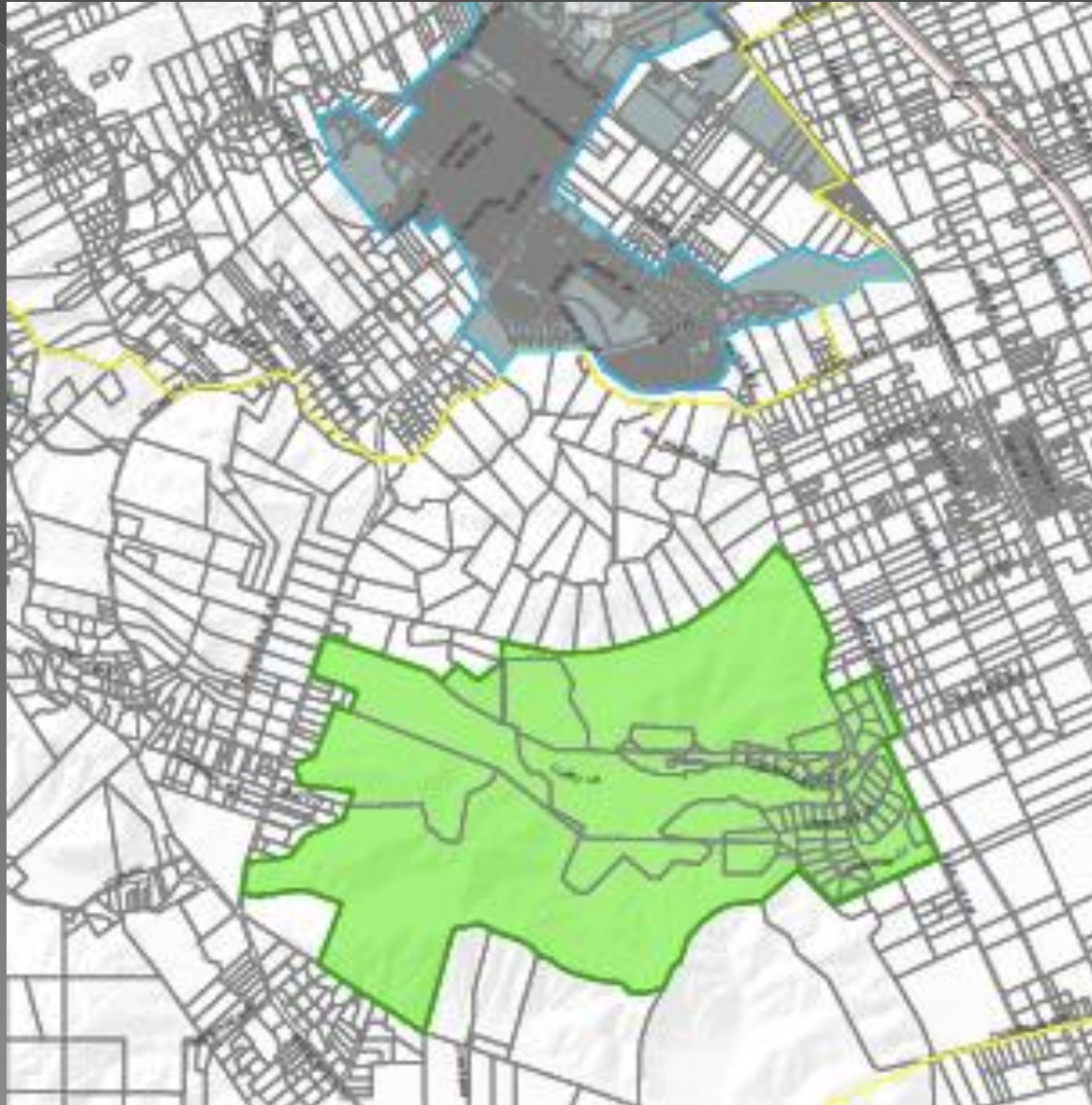
Governance Options

Continued existence with certain improvements.

SOI Recommendation

Reaffirm coterminous SOI

Lion's Gate CSD



Lion's Gate CSD

Significant Findings

- ❖ All services appear to be adequately provided.
- ❖ No significant administrative, operational, financial, or infrastructure deficiencies were identified.
- ❖ LGCSD demonstrated partial accountability and transparency.
- ❖ Board has failed to file Form 700s.

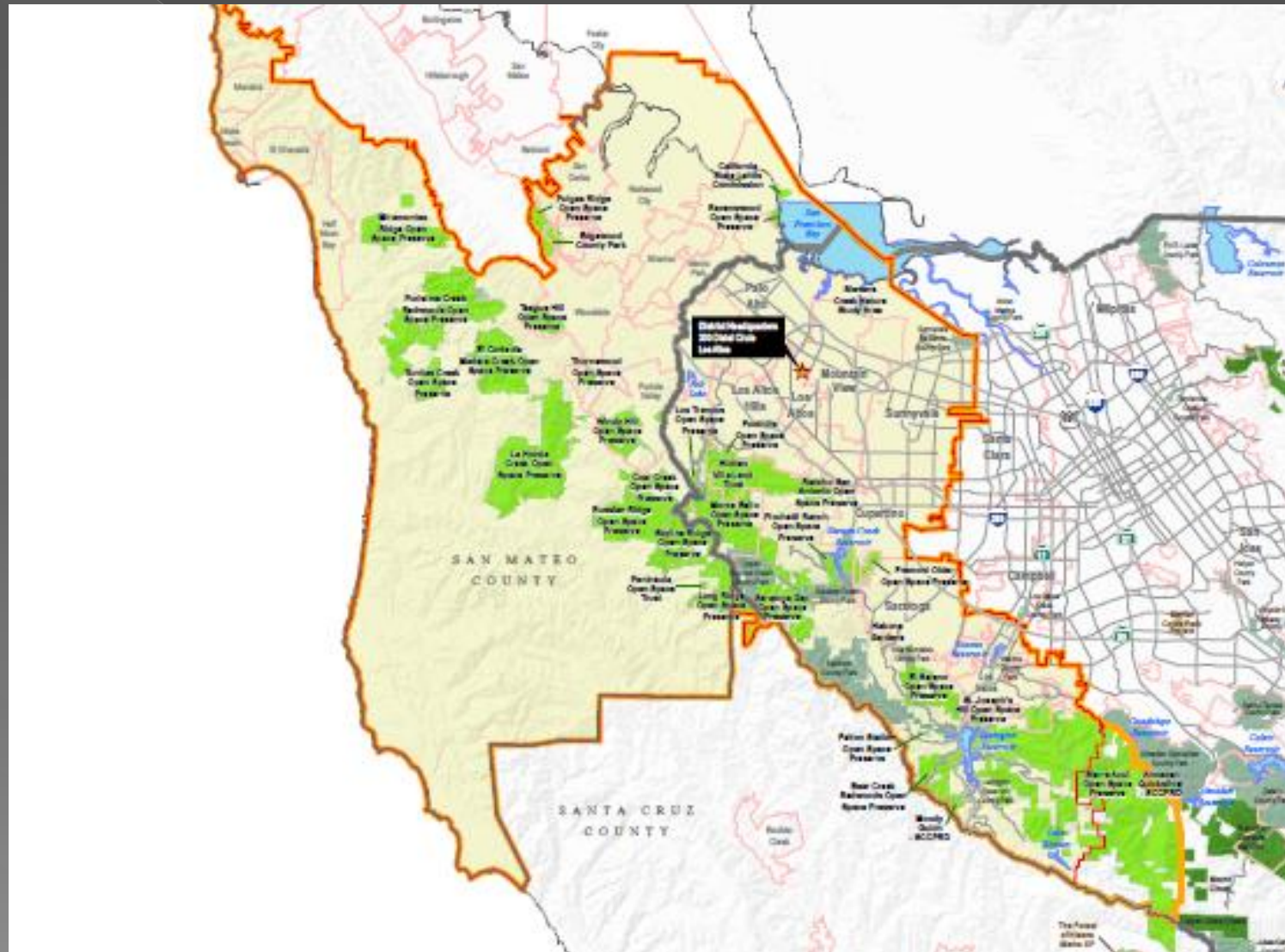
Governance Options

- ❖ Continued existence with certain improvements.

SOI Recommendation

- ❖ Reaffirm coterminous SOI

Midpeninsula Regional Open Space District



Midpeninsula Regional Open Space District

Significant Findings

- ❖ MROSD appears to be a well-run professional agency.
- ❖ The District faces financial constraints and is in need of new funding sources.
- ❖ No significant accountability, administrative, operational, or infrastructure deficiencies were identified.

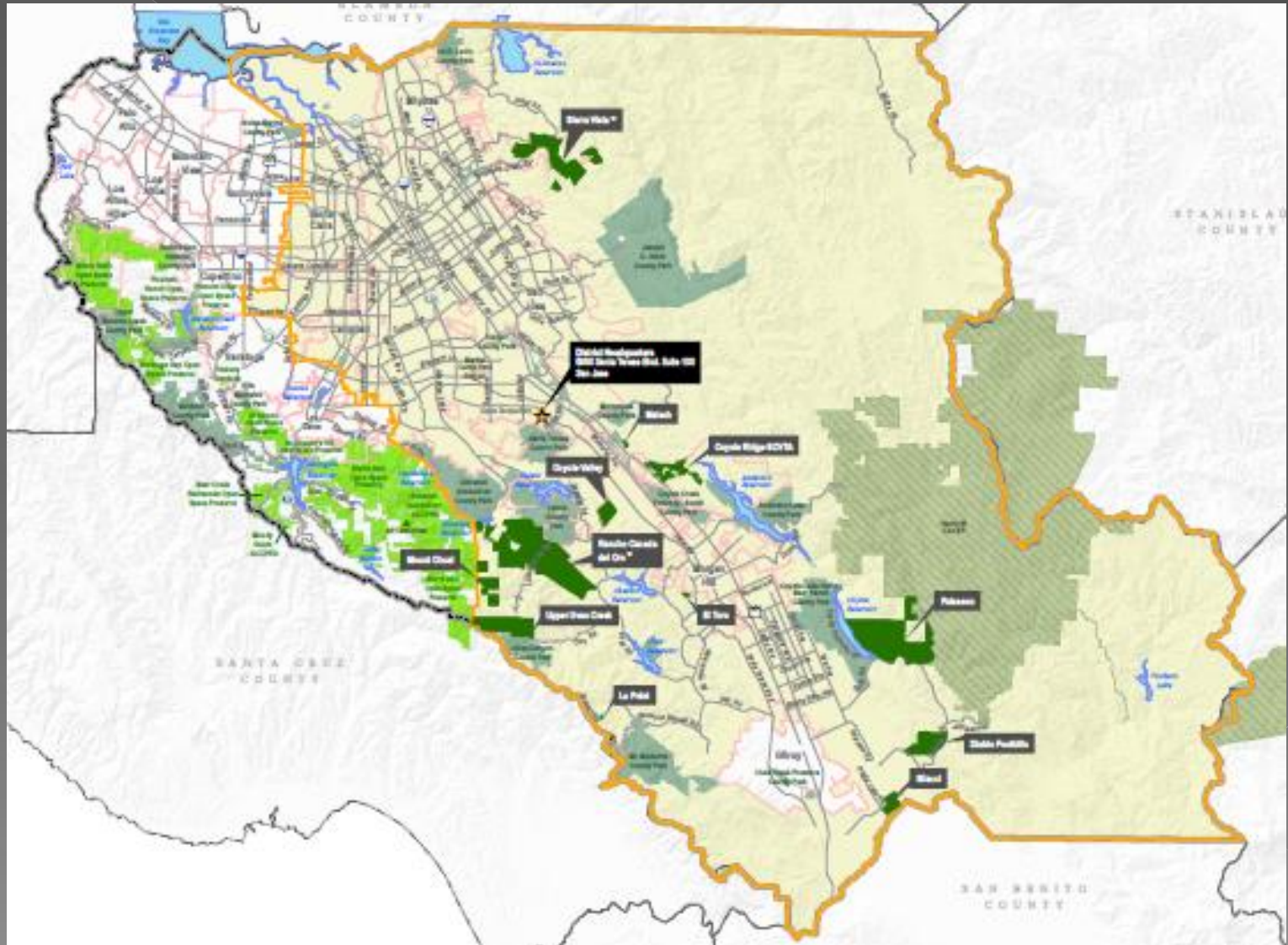
Governance Options

- ❖ Annex the Sierra Azul Open Space Preserve to align district boundary with its SOI.

SOI Recommendation

- ❖ Reaffirm existing SOI

Santa Clara County Open Space Authority



Santa Clara County Open Space Authority

Significant Findings

- ❖ SCOSA appears to be a well-run professional agency.
- ❖ Financing is marginally adequate.
- ❖ No significant accountability, administrative, operational, or infrastructure deficiencies were identified.

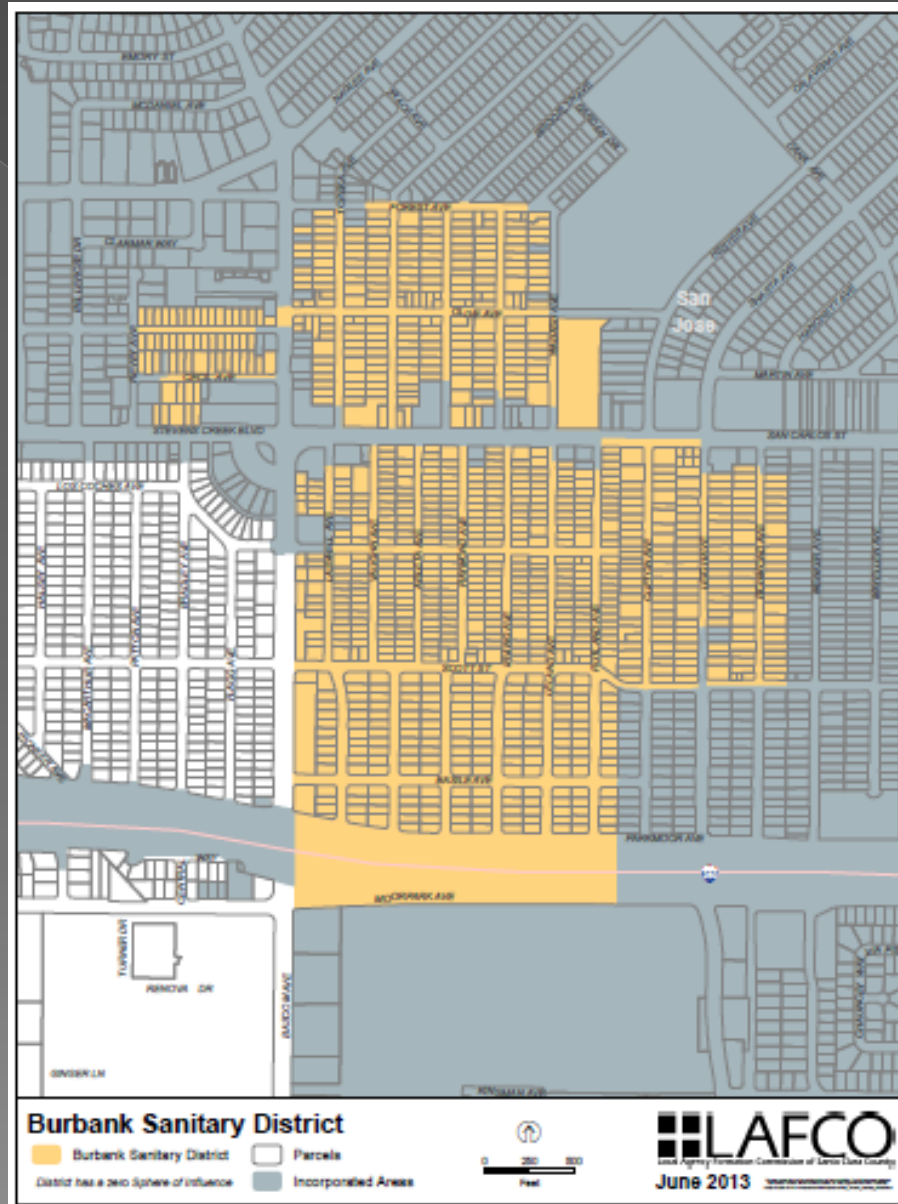
Governance Options

- ❖ Annex the City of Gilroy
- ❖ Potential for services in neighboring counties

SOI Recommendation

- ❖ Reaffirm existing SOI

Burbank Sanitary District



Burbank Sanitary District

Significant Findings

- It is anticipated that the District will cease to exist upon all areas being annexed by the City of San Jose.
- Wastewater services are generally adequate with no violations and overflows, and low infiltration and inflow.
- **Improvements could be made to service by submitting budgets and audits to the County as required.**
- **Financing is generally adequate; however, all RWF members face greater capital costs that are being accounted for through increased rates.**
- **It is recommended that member agencies update the treatment plant master agreement.**
- It is recommended that BSD negotiate a new joint use agreement with the City of San Jose and new contract with Enviro-Commercial Sweeping.

Burbank Sanitary District

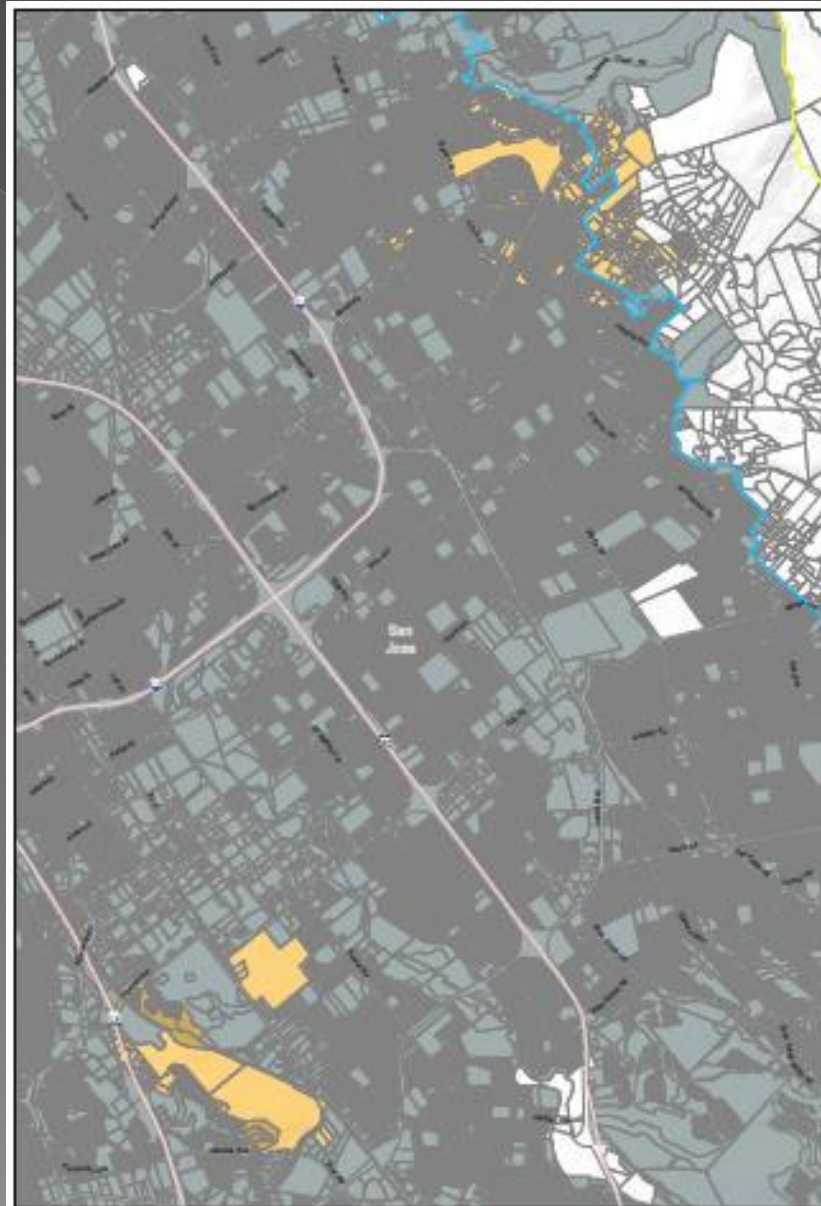
Governance Structure Options

- ◉ Continued existence and service within current boundaries until all areas have been annexed to the City of San Jose
- ◉ Dissolution and City of San Jose to provide services out of bounds in anticipation of annexation

SOI Recommendation

- ◉ Reaffirm Zero SOI

County Sanitation District 2-3



County Sanitation District 2-3

Significant Findings

- A majority of the area within the District is anticipated to be annexed into the City of San Jose, with the exception of the area outside the USA.
- Based on an unsatisfactory regulatory compliance history and significant SSO rate, it appears that the system is in need of substantial improvements.
- Expenditures have exceeded revenues in each of the past five years; however, the District has maintained a high level of reserves.
- Financing challenges include reduced revenues, and increased capital needs in the District's system and the treatment plant.
- There are opportunities for enhanced collaboration and coordination with the City of San Jose, with respect to financing the upgrading of mains and coordination of access and maintenance of annexed areas.
- The District continues to negotiate a joint-use agreement with San Jose.

County Sanitation District 2-3

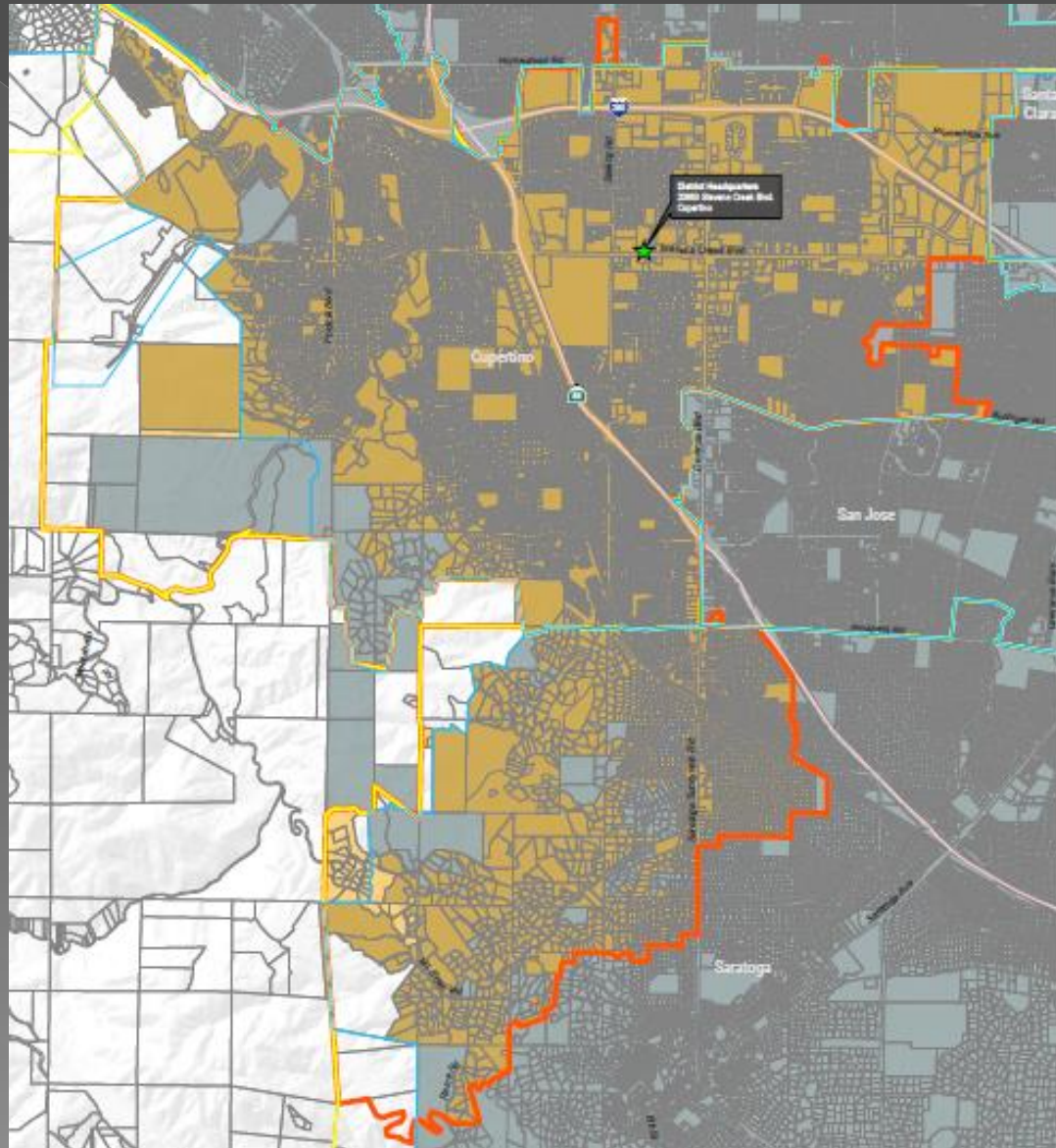
Governance Structure Options

- ◉ Continued existence with improvements

SOI Recommendation

- ◉ Reaffirm existing zero SOI

Cupertino Sanitary District



Cupertino Sanitary District

Significant Findings

- Services appear to be adequate based on violations and infiltration and inflow. While not extraordinary, improvements could be made to lower the SSO rate.
- The master plan is outdated and should be updated to reflect current conditions.
- Financing levels appear to be adequate to cover costs and maintain a healthy reserve.
- The District continues to negotiate a joint-use agreement with San Jose.
- It is recommended that the District conduct an inventory of the number of septic systems within its bounds (and surrounded pockets).

Cupertino Sanitary District

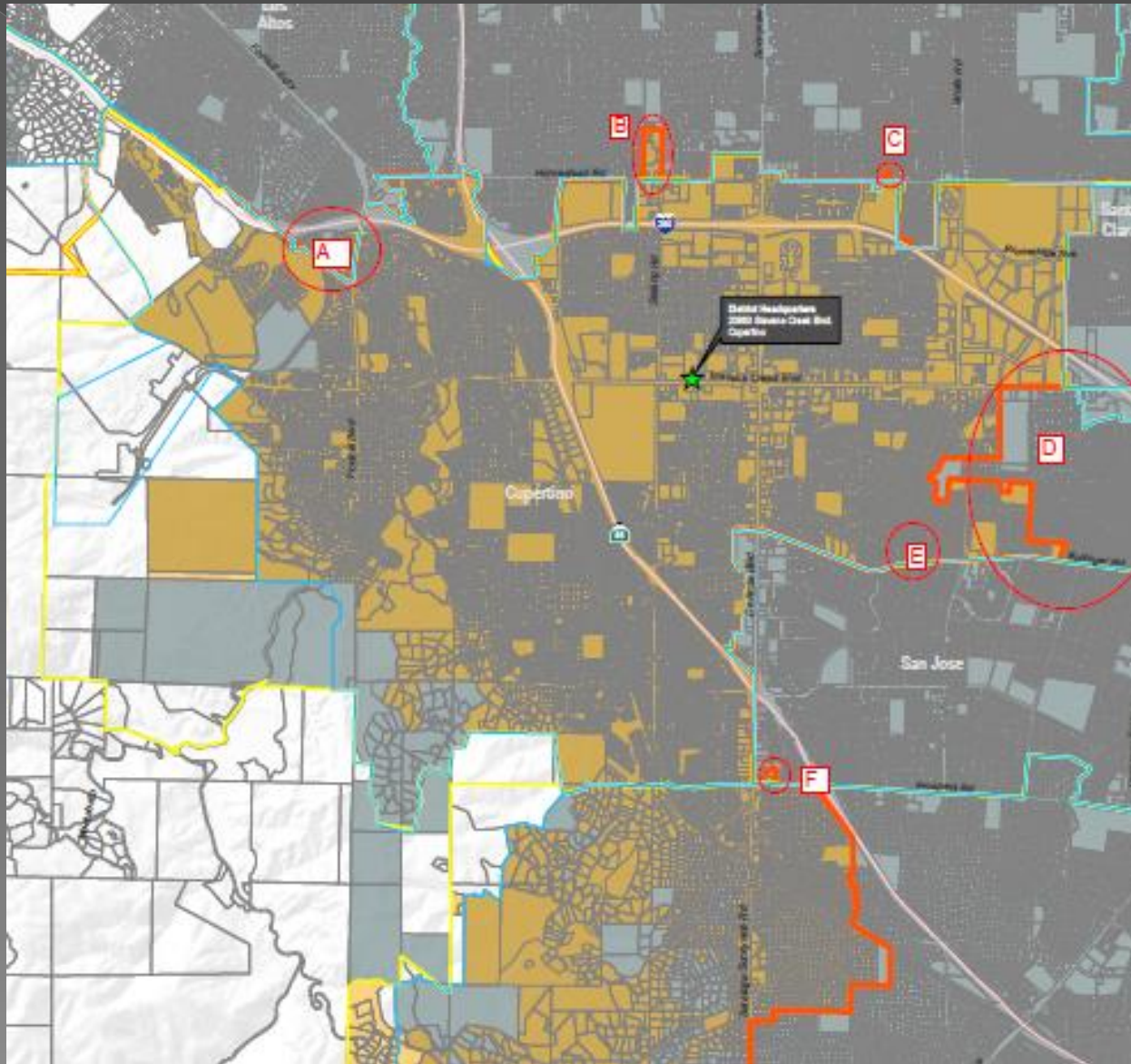
Governance Structure Options

- Continued existence
- Consolidation with WVSD

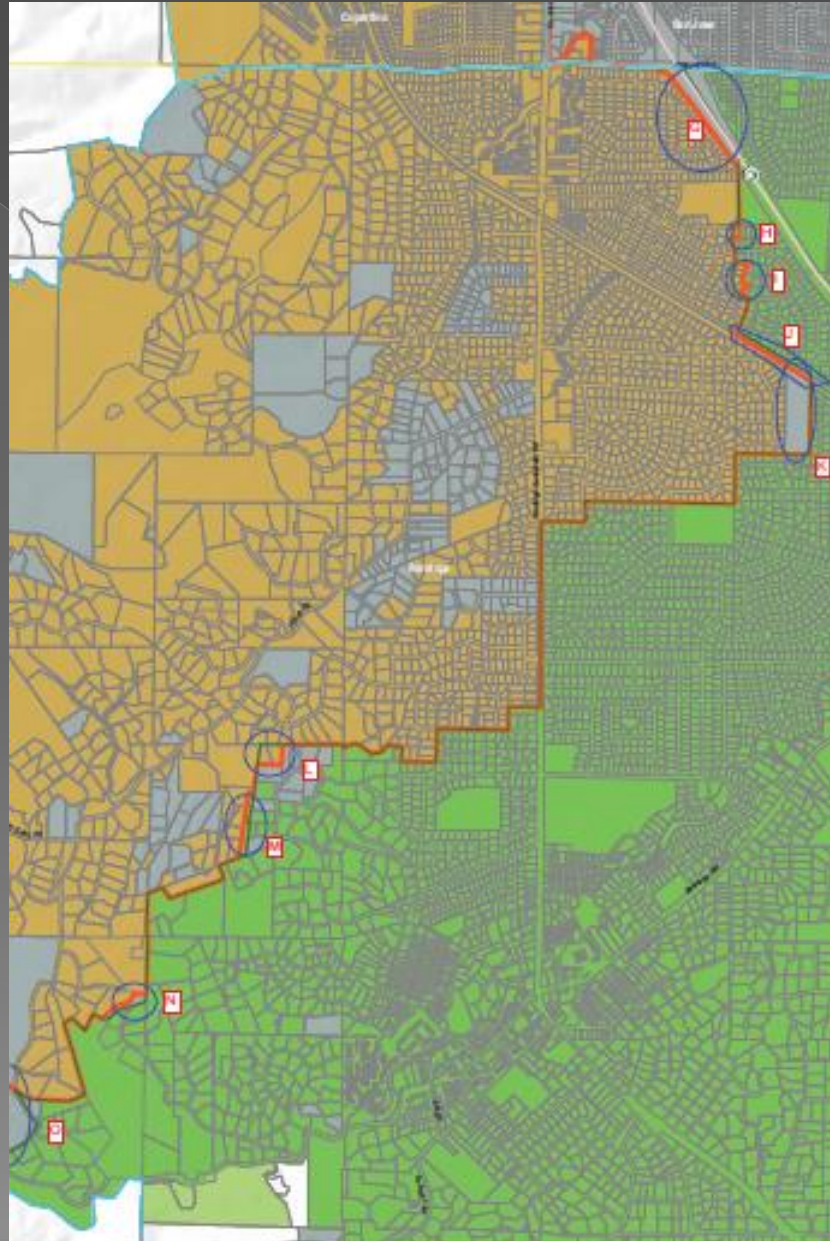
SOI Recommendation

- Clean up of areas receiving/not receiving services along shared boundary with Sunnyvale
- Clean up of areas receiving/not receiving services along shared boundary with WVSD
- SOI reduction of areas outside of city USAs (with the exception of any areas that are already within district's bounds but outside USA)

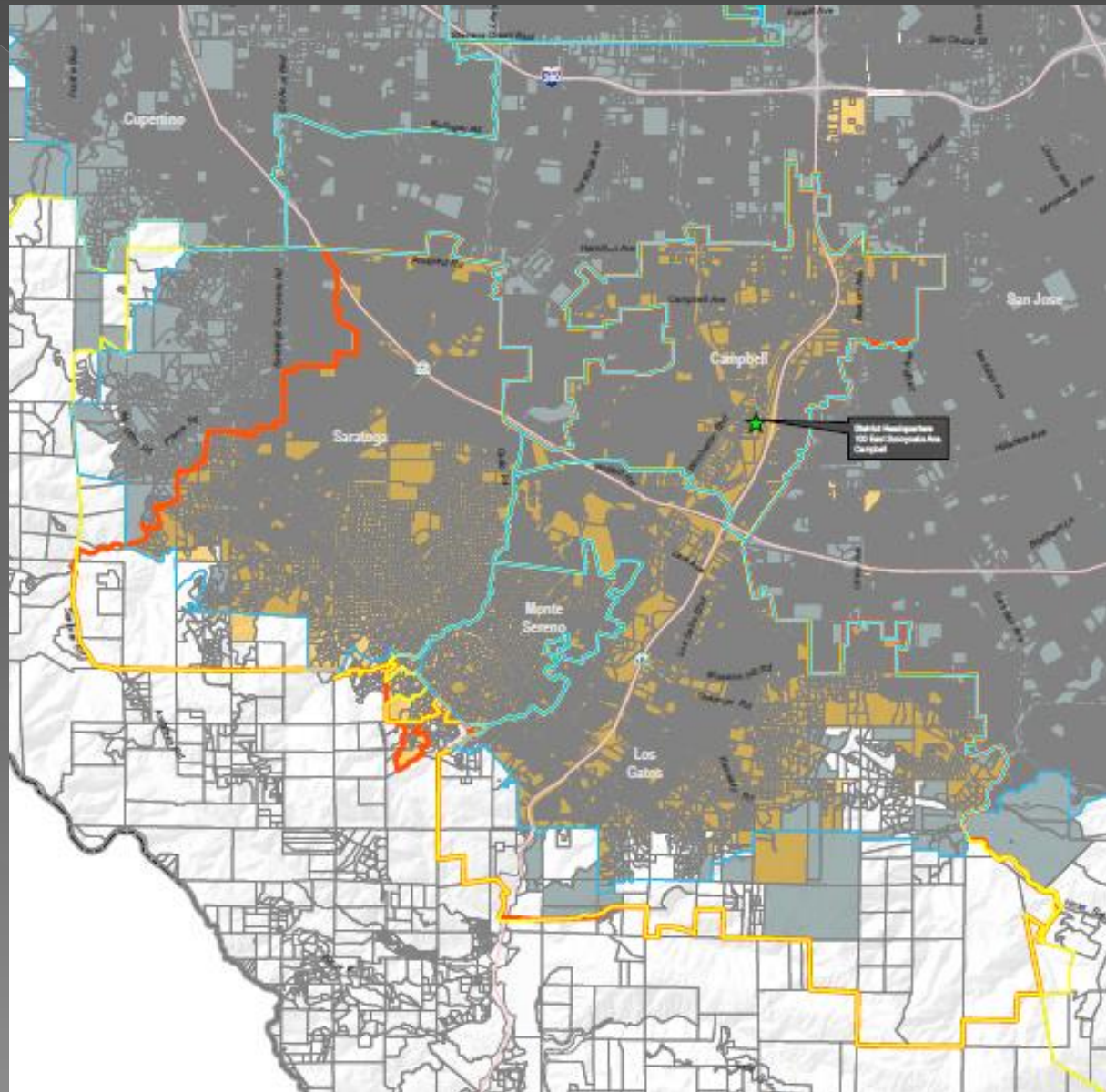
Cupertino Sanitary District



Cupertino Sanitary District



West Valley Sanitation District



West Valley Sanitation District

- ◉ The District practices best management practices by conducting extensive benchmarking and evaluation of services and personnel.
- ◉ The District has sufficient capacity for the short term. Any additional growth will require additional treatment capacity.
- ◉ It is recommended that the District conduct an inventory of septic systems within its bounds to assess potential demand.
- ◉ Based on regulatory compliance, low SSO rate, and collection system integrity, services appear to be adequate.
- ◉ The District has identified minimal infrastructure needs and has compiled a plan to address these needs over the next five years.
- ◉ Existing financing is adequate to provide services, anticipated treatment plant improvements will require rate increases.

West Valley Sanitation District

Governance Structure Options

- ◉ Continued existence
- ◉ Consolidation with CSD

SOI Recommendation

- ◉ Clean up of areas receiving/not receiving services along shared boundary with CSD
- ◉ SOI reduction of areas outside of city USAs (with the exception of any areas that are already within district's bounds but outside USA)

West Bay Sanitary District



West Bay Sanitary District

Significant Findings

- The District is considering transferring its solid waste franchise to the County of San Mateo.
- WBSD appears to be a well-run professional agency.
- No significant accountability, administrative, operational, financial, or infrastructure deficiencies were identified.

Governance Structure Options and SOI Options

None